

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;
Tony Hammond, Vice Chairman;
Mark Acton; and
Nanci E. Langley

Competitive Product Prices
Global Expedited Package Services Contracts
Non-Published Rates

Docket No. MC2016-46

Competitive Product Prices
Global Expedited Package Services Contracts
Non-Published Rates 9 (MC2016-46)

Docket No. CP2016-61

NOTICE AND ORDER CONCERNING THE ADDITION OF GLOBAL EXPEDITED
PACKAGE SERVICES—NON-PUBLISHED RATES CONTRACT 9 (GEPS—NPR 9) TO THE
COMPETITIVE PRODUCT LIST

(Issued December 21, 2015)

I. INTRODUCTION

In accordance with 39 U.S.C. 3642 and 39 CFR 3020.30 *et. seq.* and Order No. 2774¹, the Postal Service filed a formal request and associated supporting information to add Global Expedited Package Services—Non-Published Rates Contract 9 (GEPS—NPR 9) to

¹ Docket Nos. MC2016-5 and CP2016-5, Order Adding Global Expedited Package Services—Non-Published Rates Contract 8 to the Competitive Product List, October 23, 2015, at 7 (Order No. 2774).

the competitive product list.² The Postal Service states the addition of GEPS—NPR 9 to the competitive product list is necessary due to its creation of a Management Analysis of the Prices and Methodology for Determining Prices for Negotiated Service Agreements under Global Expedited Package Services—Non-Published Rates 9 (GEPS—NPR 9 Management Analysis), and an accompanying financial model that revises the previously filed Global Expedited Package Services—Non-Published Rates Contract 8 (GEPS—NPR 8) Management Analysis and its financial model. Request at 2-3.

To support its Request, the Postal Service filed the following attachments:

- Attachment 1, an application for non-public treatment of materials filed under seal;
- Attachment 2A, a redacted version of Governors' Decision No. 11-6;
- Attachment 2B, a revised version of the Mail Classification Schedule section 2510.8 GEPS—NPR;
- Attachment 2C, a redacted version of GEPS—NPR 9 Management Analysis;
- Attachment 2D, Maximum and Minimum Prices for Global Express Guaranteed (GXG), Priority Express Mail International (PMEI), Priority Mail International (PMI), and First-Class Package International (FCPIS) under GEPS—NPR 9 Contracts;
- Attachment 2E, the certified statement concerning the prices for applicable negotiated service agreements under GEPS—NPR 9, required by 39 CFR 3015.5(c)(2);
- Attachment 3, a Statement of Supporting Justification, which is filed pursuant to 39 CFR 3020.32; and
- Attachment 4, a redacted version of the GEPS—NPR 9 model contract.

Id. at 3-4.

² Request of the United States Postal Service to Add Global Expedited Package Services – Non-Published Rates 9 (GEPS – NPR 9) to the Competitive Products List and Notice of Filing GEPS – NPR 9 Model Contract and Application for Non-Public Treatment of Materials Filed Under Seal, December 18, 2015 (Request).

In the Statement of Supporting Justification, Giselle Valera, Managing Director and Vice President, Global Business, asserts the product is designed to increase efficiency of the Postal Service's processes, as well as enhance its ability to compete in the marketplace. Request, Attachment 3 at 1. She contends GEPS—NPR 9 belongs on the competitive product list as it is part of a market over which the Postal Service does not exercise market dominance³, is not subsidized by market dominant products, covers costs attributable to it, and does not cause competitive products as a whole to fail to make the appropriate contribution to institutional costs. Request, Attachment 3 at 1.

The Postal Service included a redacted version of the GEPS—NPR 9 model contract with the Request. *Id.* Attachment 4. The Postal Service represents the GEPS—NPR 9 model contract is similar to the GEPS—NPR 8 model contract approved by the Commission in Order No. 2774. Request at 6.

The Postal Service represents it will notify each GEPS—NPR 9 customer of the contract's effective date no later than 30 days after receiving the signed agreement from the customer. *Id.* Attachment 4 at 4. Unless terminated sooner, each contract will expire the one calendar year from its effective date (if the effective date is the first of the month) or from the last day of the month in which its effective date falls (if the effective date is not the first of the month). *Id.* The Postal Service represents that the contract is in compliance with 39 U.S.C. 3633. Request at 4, 9; *id.* Attachment 3 at 2-3.

The Postal Service filed much of the supporting materials, including an unredacted model contract, under seal. Request at 8. It maintains that the redacted portions of the materials should remain confidential as sensitive business information. *Id.* This information includes sensitive commercial information concerning the incentive discounts and their formulation, applicable cost coverage, non-published rates, as well as some

³ The Postal Service claims it does not exercise sufficient market power to set the price of GXG, PMEI, PMI, and FCPIS substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products. See *id.* at 3-4; see also 39 U.S.C. 3642(b).

customer-identifying information in future signed agreements. *Id.* Attachment 1 at 4-8. The Postal Service asks the Commission to protect customer-identifying information from public disclosure for 10 years after the date of filing with the Commission, unless an order is entered to extend the duration of that status. *Id.* at 11.

II. NOTICE OF COMMISSION ACTION

The Commission establishes Docket Nos. MC2016-46 and CP2016-61 to consider the Request pertaining to the proposed GEPS—NPR 9 product and the related model contract, respectively.

The Commission invites comments on whether the Postal Service's filings in the captioned dockets are consistent with the policies of 39 U.S.C. 3632, 3633, or 3642, 39 CFR part 3015, and 39 CFR part 3020, subpart B. Comments are due no later than December 29, 2015. The public portions of these filings can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Curtis E. Kidd to serve as Public Representative in these dockets.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket Nos. MC2016-46 and CP2016-61 to consider the matters raised in each docket.
2. Pursuant to 39 U.S.C. 505, Curtis E. Kidd is appointed to serve as an officer of the Commission to represent the interests of the general public in these proceedings (Public Representative).
3. Comments are due no later than December 29, 2015.

4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Stacy L. Ruble
Secretary